

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 7/8/2014	(3) CONTACT/PHONE Emily Jackson 781-5011	
(4) SUBJECT Submittal of a resolution accepting the exchange of property tax revenue and annual tax increment for Annexation No. 31 to the City of Arroyo Grande (Heights at Vista Del Mar). District 4.			
(5) RECOMMENDED ACTION It is recommended that the Board approve the resolution accepting the exchange of property tax revenue and annual tax increment for Annexation No. 31 to the City of Arroyo Grande (Heights at Vista Del Mar).			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT {x} Consent { } Presentation { } Hearing (Time Est. ____) { } Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS {x} Resolutions { } Contracts { } Ordinances { } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5 Vote Required {x} N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: <u>6/3/2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Guy Savage			
(18) SUPERVISOR DISTRICT(S) District 4			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Emily Jackson
781-5011

DATE: 7/8/2014

SUBJECT: Submittal of a resolution accepting the exchange of property tax revenue and annual tax increment for Annexation No. 31 to the City of Arroyo Grande (Heights at Vista Del Mar). District 4.

RECOMMENDATION

It is recommended that the Board approve the resolution accepting the exchange of property tax revenue and annual tax increment for Annexation No. 31 to the City of Arroyo Grande (Heights at Vista Del Mar).

DISCUSSION

This request relates to the annexation of 48.74 acres of property zoned residential suburban to the City of Arroyo Grande. The property is located in the South County at the north end of Coast View Drive, approximately 700 feet northwest of Falcon Crest Drive, southwest of Highway 101. The proposed land use is for the development of a residential subdivision of 22 single-family lots and two open space parcels. The purpose of the annexation into the City limits of Arroyo Grande will result in access improvements that will help relieve congestion related to high school traffic and enable the City to better manage use of groundwater within the basin. Annexation will also provide the City with additional impact fee revenue.

Jurisdictional changes such as this can change service area responsibilities and/or impact operating expenses and revenues. The law requires affected jurisdictions (in this case, the County and the City of Arroyo Grande) to negotiate an exchange of property tax revenue prior to the Local Agency Formation Commission's (LAFCO) approval of the proposed change. This resolution is being presented for the adoption within the 60-day time frame which commenced on June 3, 2014. The County Administrative Office and the City of Arroyo Grande negotiated on behalf of their respective agencies.

The negotiated agreement before the Board today is consistent with the County's standard tax exchange agreement as established by resolution 93-158 on April 23, 1996. The standard agreement was developed based on an extensive study of the impacts that development within the boundaries of cities has on the County. The agreement is based on the following two principles: (1) that the County should not profit from annexations, nor should annexations result in a net fiscal loss to the County; and (2) that tax exchange practices should not undermine good land use planning by discouraging cities from pursuing logical and appropriate annexations.

OTHER AGENCY INVOLVEMENT/IMPACT

LAFCO has the authority to oversee the annexation of property. The property is proposed to be annexed into the City of Arroyo Grande; therefore, as one of the affected agencies, the City of Arroyo Grande has participated in the tax exchange negotiations. The City of Arroyo Grande is also expected to approve the negotiated exchange of property tax revenue at its July 8, 2014 City Council meeting. The Auditor's office provided the financial analysis.

FINANCIAL CONSIDERATIONS

Per the standard tax exchange agreement established by Resolution 96-158 on April 23, 1996, the County will continue to receive all base property taxes and two-thirds of all future property tax increment. This financial agreement is contingent upon approval of the annexation by LAFCO.

RESULTS

The fair and equitable exchange of property tax revenue as a result of annexations of property.

ATTACHMENTS

1. Map of proposed annexation area
2. Resolution accepting exchange of property tax revenue

c- Steve Adams, City of Arroyo Grande
Barbara Godwin, Auditor-Controller's Office
David Church, LAFCO